

# Worksheet Solutions

## Filing Your Taxes

### Theme 6: Understanding the IRS

#### Lesson 3: Methods of Filing

### Summary

Most people who work need to **file a tax return**. Benefits of **electronically preparing** and transmitting tax returns include increased accuracy, faster **refunds**, and the ability to file **federal and state** returns simultaneously.

- **TeleFile** is one of three electronic options. The IRS sends a tax package to eligible taxpayers. Taxpayers use the keypad of a touch-tone telephone to transmit their tax information to the IRS.
- **Electronic filing** using **tax preparation software** on a personal computer is a second option. Taxpayers can **transmit** their returns from home, workplaces, libraries, financial institutions, or retail outlets.
- A third option is to use tax professionals, including certified public accountants (CPAs), tax attorneys, IRS-enrolled agents, tax preparation businesses, and **VITA** and walk-in sites. Of these tax professionals, only an ERO (Electronic Return Originator) can electronically transmit tax returns. Depending on the tax professional and the services required, a fee may be charged.

### Activity 1

It's tax time! Help the taxpayers below select the electronic filing option from the answer key that would work best for each. Use each option only once.

#### Answer Key:

- A. TeleFile
- B. Personal computer
- C. Tax Professional

- B** Bram is unmarried and has no children. His only source of income is from his after-school job at a retirement home. Bram loves computers, technology, and problem solving. He did not receive a TeleFile package in the mail from the IRS.
- A** Kerry is in high school. She is single and has no children. Kerry's only source of income is from her part-time job at the local radio station. Kerry received a TeleFile package in the mail from the IRS.
- C** Lee and Nu are married and have two children. They own their own business, a bakery. An accountant maintains their business records. They have a complex tax return.

## Activity 2

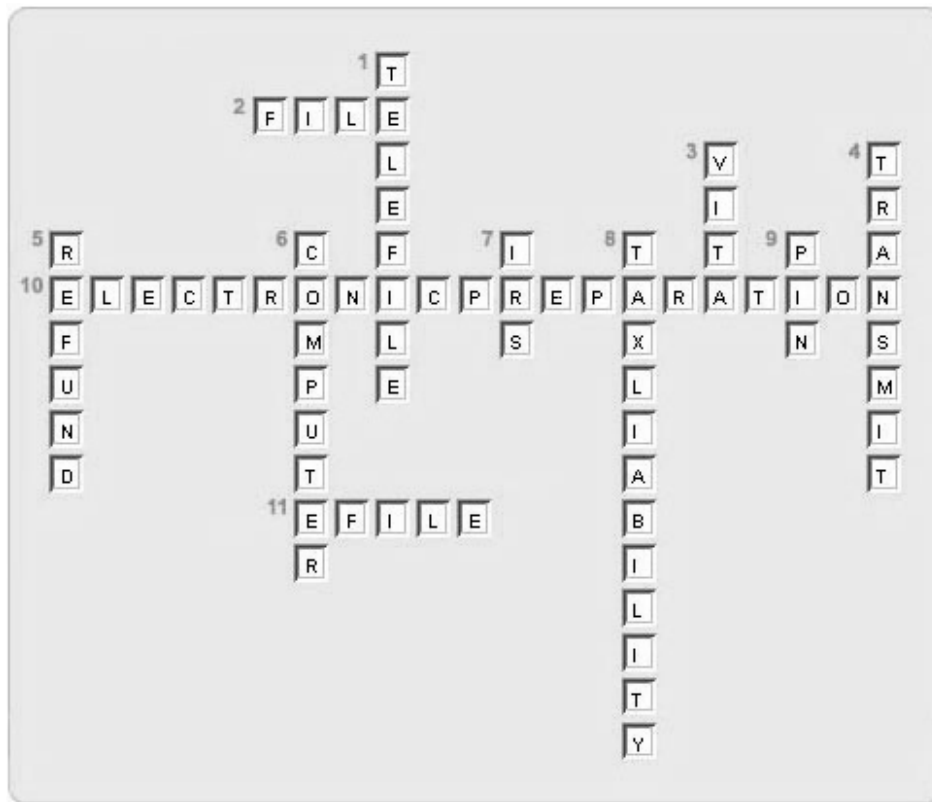
Solve the crossword puzzle below, using the clues listed. Your Key Terms Info Sheet will help.

### Across

2. To mail or otherwise transmit to an IRS service center the taxpayer's information, in specified format, about income and tax liability is to **file** a return.
10. Tax software and computers are used to complete tax returns. **electronic preparation**
11. Transmission of tax information directly to the IRS using telephones or computers **e-file**

### Down

1. A way to file returns using a touch-tone phone; the taxpayer must receive a package by mail and qualify to use Form 1040EZ **Tele file**
3. Provides free income tax return preparation for taxpayers with limited or moderate incomes, limited English skills, or who are elderly or disabled **VITA**
4. Send electronically **transmit**
5. After the income tax return is prepared, the money owed to the taxpayer, if any, is called a **refund**.
6. Tax preparation software is designed for the **computer**.
7. The federal agency that collects income taxes in the United States **IRS**
8. The total tax bill, or amount of tax that must be paid **tax liability**
9. Allows people to "sign" their tax returns electronically and is made up of any five numbers **PIN**



### Activity 3

Read the question below, then write a short essay explaining your predictions.

- How do you think the filing of taxes may be simplified even further as technology develops in the future?

**Student answers will vary.**